

Message Text

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12

ORIGIN EA-14

INFO OCT-01 ISO-00 EB-11 L-03 COME-00 OPIC-12 SPC-03

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08

OMB-01 CEA-02 H-03 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 USIA-15 PRS-01 AGR-20 /155 R

66622

DRAFTED BY:EA/PHL:RTWILLNER

APPROVED BY:HHBARGER

EA/PHL:REUSHER(DRAFT)

EB/PAS:NHERRINGER(SUBS)

L/EA:LVERVILLE

EB/IFD/OIA:CELLIS(SUBS)

L/EB:DBURNS

COMMERCE:GCP:JJOHNSTON(SUBS)

OPIC:CMIDDLETON(DRAFT)

----- 074246

R 262325Z SEP 73

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

INFO CINCPAC

C O N F I D E N T I A L STATE 192122

CINCPAC FOR POLAD

E.O. 11652 GDS

TAGS: PFOR, EGEN, RP

SUBJ: DRAFT AER TREATY

REFS: A. MANILA 10919

B. MANILA 10534

1. AS EMBASSY OBSERVES, PHILIPPINE ACCEPTANCE OF ENTIRE
DRAFT NOT NECESSARILY TO BE EXPECTED, BUT WE WOULD PREFER
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TO HAVE SPECIFIC PHILIPPINE REACTIONS BEFORE WORKING OUT

ALTERNATIVE PROPOSALS. WITH REGARD TO TRANSITIONAL PROVISIONS, EMBASSY CORRECT IN ASSUMING THAT OUR PREFERENCE WOULD BE TO SEEK SOLUTIONS WITHIN TREATY ITSELF, BUT DEPARTMENT IS OPEN TO SUGGESTIONS AND WOULD APPRECIATE RECEIVING INDICATIONS EMBASSY'S SPECIFIC IDEAS, AS REFERRED TO REF B.

2. DEPARTMENT ALSO SHARES EMBASSY'S CONCERN RE EXAGGERATED EXPECTATIONS AMONG US BUSINESSMEN RE LAND OWNERSHIP. WE HAVE BEEN ASSUMING THAT GOP WOULD EXPECT US CONCESSIONS ON TRADE ISSUES AS PRICE FOR ASSURANCES ON LAND OWNERSHIP AFTER JULY 1974, AND WE ARE CONCERNED THAT AMERICAN BUSINESSMEN, IF THEY COME TO EXPECT SUCH PROTECTION FOR THEIR LAND HOLDINGS, WILL EXERT GREATER PRESSURE ON USG TO MAKE CONCESSIONS NEEDED TO OBTAIN IT. THIS PRESSURE WOULD NATURALLY INTENSIFY IN PROPORTION TO EXTENT OF HOLDINGS RETAINED AND TO PROXIMITY OF LAUREL-LANGLEY EXPIRATION, A PROCESS WHICH MARCOS DOUBTLESS HOPES TO USE TO HIS ADVANTAGE IN THE NEGOTIATIONS. VALUE OF LAND OWNED IS PROBABLY MINOR PART OF MOST US FIRMS' TOTAL INVESTMENTS IN PHILIPPINES. MOREOVER, STEPS ALREADY TAKEN BY MANY TO DIVEST LAND HOLDINGS INDICATE THAT RETENTION OF ACTUAL TITLE IS NO MORE ESSENTIAL TO CONDUCT OF BUSINESS IN PHILIPPINES THAN IN MANY OTHER COUNTRIES AND THAT REASONABLY ECONOMICAL ARRANGEMENTS ARE PROBABLY FEASIBLE IN MANY OR MOST CASES.

3. AS EMBASSY AWARE, IN VIEW OF THESE CONSIDERATIONS WE HAVE SOUGHT FOR SEVERAL YEARS TO ENCOURAGE US BUSINESSMEN IN THE VIEW THAT ONLY SAFE COURSE FOR THEM IS TO ASSUME GOP WILL NOT RPT NOT PERMIT THEM TO CONTINUE OWN LAND AFTER LAUREL-LANGLEY EXPIRATION. IN THIS CONTEXT, DEPARTMENT PLEASED TO NOTE THAT EMBASSY HAS SOUGHT TO PREPARE BUSINESSMEN FOR "LESSER SOLUTION" ON LAND ISSUE. HOWEVER, AS EMBASSY COMMENTS, THIS NOT EASY TO ACHIEVE. IN VIEW CONSIDERATION BROUGHT OUT PARA 1 C REF A, IT MAY BE APPROPRIATE TO GO SOMEWHAT FARTHER, STRESSING CONTINUED RISK OF "FIRE SALE" DIVESTMENT, AND PERHAPS NOTING IN SUBSEQUENT CONTACTS THAT LAND OWNERSHIP IS ONE AREA IN WHICH NATIONAL RESTRICTIONS OCCUR IN MANY COUNTRIES, INCLUDING THE US

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WHERE IN SOME STATES ALIENS MAY NOT OWN LAND. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE192122
Document Source: CORE
Document Unique ID: 00
Drafter: EA/PHL:RTWILLNER
Enclosure: n/a
Executive Order: GS BARGER
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t1973098/aaaaafmd.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: A. MANILA 10919
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 04 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04-Dec-2001 by kelleyw0>; APPROVED <05 MAR 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DRAFT AER TREATY
TAGS: PFOR, EGEN, RP
To: MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005